
Addendum to Underwriting Narrative

Management Agreement
Addendum to Underwriting
Narrative – Management
Agreement
Section 232
(223(a)7, 241(a), 223(d))

U.S. Department of Housing
and Urban Development
Office of Healthcare Programs

OMB Approval No. 9999-9999
(exp. mm/dd/yyyy)

Public reporting burden for this collection of information is estimated to average 0.25 hours. This includes the time for collecting, reviewing, and reporting the data. The information is being collected to obtain the supportive documentation which must be submitted to HUD for approval, and is necessary to ensure that viable projects are developed and maintained. The Department will use this information to determine if properties meet HUD requirements with respect to development, operation and/or asset management, as well as ensuring the continued marketability of the properties. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. No confidentiality is assured.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

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This addendum is applicable to Section 223(a)(7), Section 241(a), or Section 223(d) loans when a change to the Management Agreement has occurred or is proposed. The addendum must be provided if the Management Agreement has not been previously approved by HUD for the subject property.

Date of Agreement: _____
Agreement Expires: _____
Management Fee: _____

Key Questions

	<u>Yes</u>	<u>No</u>
1. Does the agreement sufficiently describe the services the agent is responsible for performing and for which the agent will be paid management fees?	_____	_____
2. Does the agreement provide that the management fees will be computed and paid according to HUD requirements?	_____	_____

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	<u>Yes</u>	<u>No</u>
3. Does the agreement provide that HUD may require the owner to terminate the agreement (1) Immediately, in the event a default under the Mortgage, Note, Regulatory Agreement, or Subsidy Contract attributable to the management agent occurs; (2) Upon 30 days without penalty and without cause upon written request by HUD and contain a provision that gives no more than a thirty day notice, for failure to comply with the provisions of the Management Certification or other good cause; or (3) When HUD takes over as Mortgagee in Possession (MIP)? termination?	<input type="checkbox"/>	<input type="checkbox"/>
4. Does the agreement provide that HUD's rights and requirements will prevail in the event the management agreement conflicts with them?	<input type="checkbox"/>	<input type="checkbox"/>
5. Does the agreement provide that the management agent will turn over to the owner all of the project's cash trust accounts, investments, and records immediately, but in no event more than 30 days after the date the management agreement is terminated?	<input type="checkbox"/>	<input type="checkbox"/>
6. The agreement does NOT exempt the agent from all liability for damages and injuries?	<input type="checkbox"/>	<input type="checkbox"/>

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If you answer "NO" to any of the above questions, please briefly address below.

<<For each "NO" answer above, provide a narrative discussion regarding the topic.>>

Change Summary

<<Provide narrative discussion of the changes to the management agreement.>>

Form HUD-9839-?

Management Certification

<<Provide narrative review. For example, "The ~~form HUD-9839-B, Project Owner's~~ Management Agent's Certification, provided in the application package indicates a management fee of XX percent of the residential, commercial and miscellaneous income collected, which is in line with industry standards for projects of this size. The term of the agreement is for XX-years. The stated fee and term match those stated in the management agreement. ~~The fee calculations on page 4 are coordinated with the underwriting conclusions.~~">>>>

Conclusion

<<Provide narrative discussion of underwriter's conclusion and recommendation.>>

Form HUD-9832

<<Provide narrative review. For example, "The form HUD-9832, Management Entity Profile, is provided in the application. The form has been reviewed by the underwriter and found

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acceptable for underwriting. The management agent's responses are indicative of experienced management agents in the industry and demonstrate the agent's experience." >

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